



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

November 1, 2006

TO: Small Urban Program Agencies

SUBJECT: FY 2009 and FY 2010 Small Urban Program Call for Projects and Program Announcements

Your community is eligible for Federal Surface Transportation Program funds that have been earmarked for areas of 5,000 to 50,000 populations (Small Urban Program). The Michigan Department of Transportation (MDOT) will be accepting Small Urban Program project applications for FY 2009 and FY 2010, to accommodate local agencies applying to use remaining "Local Jobs Today" loan and local match funds. The Small Urban Program Call for Projects is being accelerated.

In order to be eligible for funding, proposed projects must be within the federal-aid urban area boundary and must be located on the federal-aid system. Projects are awarded to small urban areas on a rotating basis. The maximum federal amount awarded for a project is \$375,000 in federal dollars to which the implementing area must provide a 20 percent local match.

LOCAL JOBS TODAY

Guidelines for applying to receive a Local Jobs Today loan or match dollars were provided to Act 51 recipients in a memo from MDOT dated October 24, 2006.

For FY 2009 and FY 2010 projects to be eligible for Local Jobs Today, the project must have final bidding documents to MDOT Local Agency Programs by August 1, 2007. This means that design and all environmental, historical, and other related approvals or clearances must be completed. If an agency is successful in receiving a Local Jobs Today loan or match, that project cannot be removed or delayed from the approved list.

Conversion of federal funds will occur in either FY 2009 or FY 2010, depending on the year in which projects are funded. Agencies may get a loan through MDOT for the federal-aid, which will require interest payments on the loan until the conversion of federal dollars occurs. Agencies may also fund the federal portion with local dollars and subsequently request reimbursement of the federal funds in the appropriate year.

It is important to remember that there may be some risk for local agencies to participate in the Local Jobs Today program. The Federal Highway Administration has informed MDOT that approximately \$270 million will be rescinded from Michigan's FY 2009 federal-aid appropriation. MDOT does not know how this may affect individual transportation programs, which includes the Small Urban Program. Also, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2005 – Legacy for Users expires September 30, 2009 with no current federal legislation authorizing federal funding in FY 2010. MDOT is confident that federal-aid will continue to be available to states, but there is no guarantee.

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In order to be able to accelerate projects in the time required by the Local Jobs Today program, it is important that areas begin the public participation and committee process as soon as possible. If an area or agency chooses not to participate in the Local Jobs Today program, Non-local Jobs Today projects will not have to meet the accelerated August 1, 2007 deadline and related Local Jobs Today requirements.

FEDERAL AID BUY-OUT

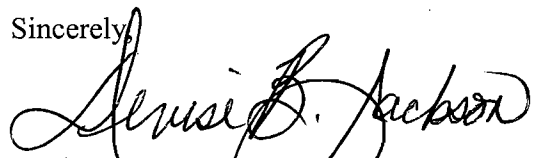
The FY 2007 MDOT Appropriations Bill adopted by the state legislature and signed by the Governor includes language regarding the federal-aid buy-out option. Section 402 states: "*State restricted transportation funds received in exchange for federal-aid funds shall be used for the same purpose as the federal-aid was originally intended.*" In order to participate in the buy-out program, agencies must inform the public of the road(s) to be improved with buy-out funds and the road(s) must be federal-aid eligible. The buy-out ratio remains at 75 percent. Additional federal-aid buy-out information is available by contacting Susan Richardson, Supervisor, Statewide Planning Section, at richardsons@michigan.gov or 517-373-1881.

PROGRAM WEBSITE

MDOT is pleased to announce a new website for the Small Urban Program, available at www.michigan.gov/mdotsmallurban. New information and instructions necessary to complete the planning process and project applications (including a new electronic Project Information Sheet – Attachment 6) is available from the website. Please print copies of the updated instructions and other information from the website. For agencies unable to access the website, program information and instruction packets are available by mail upon request.

Project applications must be submitted to MDOT by December 20, 2006. If you have any questions regarding the Small Urban Program or would like an MDOT representative to attend your committee meeting, please contact Nick Perfili, Small Urban Program Manager, at perfili@michigan.gov or 517-335-2948.

Sincerely,



Denise B. Jackson, Administrator
Statewide Transportation Planning Division

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cc: Nick Perfili

Susan Richardson